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INFORM CONSULS

E.O. 11652: GDS TAGS: BGEN, XX

SUBJECT: COMMERCIAL PROGRAM - QUARTERLY STATE-COMMERCE

MEETING.

- 1. COMMERCE SECRETARY DENT AND DEPUTY SECRETARY INGERSOLL, TOGETHER WITH SENIOR ADVISERS, HELD REGULAR QUARTERLY MEETING ON COMMERCIAL PROGRAM AUGUST 28. FOLLOWING TOPICS DISCUSSED.
- 2. EXIM LENDING RATE. GROUP REVIEWED HISTORY OF RECENT EXIM LENDING RATE INCREASES, AS WELL AS CURRENT EFFORTS TO LIMITED OFFICIAL USE

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OBTAIN A US-JAPANESE-EEC "GENTLEMEN'S AGREEMENT" ON EXPORT

CREDIT INTEREST RATES AND TERMS. COMMERCE STATED THAT EXIM WANTS MATURITIES EXTENDING BEYOND TEN YEARS NOT TO BE LIMITED TO TRANSACTIONS EXCEEDING 75 MILLION DOLLARS.

- 3. OMB EXPORT PROMOTION STUDY. CIEP WILL PREPARE A REVIEW OF THE OMB STUDY REPORT AND SOLICIT THE VIEWS OF CIEP MEMBERS BEFORE STUDY AND RECOMMENDATIONS ARE SUBMITTED TO THE PRESIDENT. FYI: AS NOTED IN REPORTS OF PREVIOUS STATE-COMMERCE MEETINGS, SEVERAL EXECUTIVE AGENCIES HAVE SERIOUS QUESTIONS ABOUT THE OMB STUDY THUS FAR.
- 4. STATE-COMMERCE EXCHANGE PROGRAM. SECRETARY DENT REPORTED ON A MEETING HE HAD HELD WITH FSO'S NOW DETAILED

TO COMMERCE UNDER THE EXCHANGE PROGRAM. HE WAS IMPRESSED THAT MAJORITY OF FSO'S IN ATTENDANCE FOUND THEIR EXPERIENCE IN COMMERCE REWARDING. FURTHER IMPROVEMENTS, HOWEVER, ARE STILL POSSIBLE. A GREATER EFFORT WILL BE MADE TO DETER-MINE THE SPECIFIC POSITION AN FSO WILL OCCUPY BEFORE HE ARRIVES AT COMMERCE, AND FSO'S WILL BE ASSIGNED TO JOBS OUTSIDE THE INTERNATIONAL AFFAIRS AREA OF COMMERCE. (OFFICERS ARE NOW BEING ASSIGNED TO THE MARITIME ADMINIS-TRATION AND DISTRICT OFFICES.) COMMERCE REVIEWED ITS RECENT EFFORTS TO HAVE THE PROGRAM EXPANDED FROM 30 TO 40 OFFICERS EACH WAY. WITH SO MANY COMMERCE EXCHANGEES OCCUPYING TRADE CENTER DIRECTOR POSITIONS (FIVE FSO'S NOW SERVE AS DIRECTORS IN THE 17 TRADE CENTERS), COMMERCE FEELS THERE IS TOO LITTLE ROOM LEFT UNDER THE PRESENT CEILING FOR OVERSEAS TRAINING ASSIGNMENTS FOR COMMERCE EMPLOYEES. COMMERCE BELIEVES THAT MOST DESIRABLE SOLUTION WOULD BE TO REMOVE TRADE CENTER DIRECTOR JOBS FROM EXCHANGE PROGRAM. THIS WOULD PERMIT RETURN OF CROSS-AGENCY TRAINING. IT WOULD ALSO GIVE COMMERCE FINAL DECISION ON ASSIGNMENT OF TRADE CENTER DIRECTORS WHICH COMMERCE DESIRES ON BASIS OF ITS RESPONSIBILITY FOR MANAGEMENT AND FUNDING OF TRADE CENTERS. STATE BELIEVES THAT EXCHANGE PROGRAM CAN BE REVISED TO BOTH PROVIDE TRAINING AND TO STAFF TRADE CENTER DIRECTOR POSITIONS.

SECRETARY DENT AND DEPUTY SECRETARY INGERSOLL LIMITED OFFICIAL USE.

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AGREED THAT A NEW LOOK AT THE EXCHANGE PROGRAM STRUCTURE WAS INDICATED. A STATE-COMMERCE WORKING GROUP WILL RE-EXAMINE THE ENTIRE EXCHANGE PROGRAM.

5. COMMERCE ACTION GROUP ON THE NEAR EAST (CAGNE). COMMERCE DESCRIBED THE ORGANIZATION AND STRUCTURE OF CAGNE, WHICH IS DESIGNED TO ENABLE COMMERCE TO RESPOND MOST EFFECTIVELY TO NEW OPPORTUNITIES IN THE NEAR EAST. CAGNE

WILL ALSO HAVE ACTION RESPONSIBILITY IN COMMERCE ON NEW JOINT COOPERATION COMMISSION ACTIVITIES.

6. JOINT COOPERATION COMMISSIONS. STATE NOTED THAT WHILE THE SUBSTANCE DEALT WITH BY JOINT COOPERATION COMMISSIONS WITH COUNTRIES SUCH AS SAUDI ARABIA IS PRINCIPALLY ECONOMIC/COMMERCIAL, THE COMMISSIONS ARE DIRECTLY RELATED TO BROADER U.S. INTERESTS. SECRETARY KISSINGER HAS INSTRUCTED THE DEPUTY SECRETARY TO PROVIDE OVERALL STATE DEPARTMENT

COORDINATION OF THESE NEW JOINT COMMISSIONS. OVERSEAS, THE COMMISSIONS WILL BE COORDINATED BY THE AMBASSADOR AS HEAD OF THE COUNTRY TEAM. STATE NOTED THAT, BECAUSE OF U.S. PRIVATE SECTOR INVOLVEMENT, THE COMMISSIONS MUST RELY HEAVILY ON COMMERCE IF THEY ARE TO BE SUCCESSFUL AND EXPRESSED APPRECIATION FOR THE CLOSE STATE-COMMERCE COOPERATION THUS FAR.

7. NEXT PHASE OF STATE/COMMERCE ACTIVITY. STATE REVIEW-ED PROGRESS IN EARLIER WORKING GROUPS, NOTING THAT THESE GROUPS INTRODUCED SIGNIFICANT COMMERCIAL PROGRAM IMPROVE-MENTS. STATE SUGGESTED THAT IT WAS NOW OPPORTUNE TO DEVELOP NEW WORK PROGRAM WHICH WOULD LEAD TO FURTHER IMPROVEMENTS. IN PARTICULAR, BOTH AGENCIES SHOULD ATTEMPT TO MEASURE THE RESOURCES WE ARE DEVOTING IN INDIVIDUAL PROGRAMS AND AREAS. THIS WILL ENABLE US TO PLAN SHIFTS IN OUR ACTIVITIES WHICH WILL RESULT IN THE BEST USE OF RESOURCES. STATE PROPOSED THAT A JOINT TASK FORCE BE CREATED TO PURSUE RELATED QUESTIONS AND TO DETERMINE PRIORITIES. COMMERCE AGREED, BUT NOTED SIX QUESTIONS OF PERSONNEL POLICY (E.G., POSITION RECLASSIFICATION, ASSIGN-MENTS TO COMMERCIAL INTEREST POSTS, ETC.) STILL REQUIRE PRIORITY ATTENTION. SECRETARY DENT NOTED THAT CONDITIONS LIMITED OFFICIAL USE

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HAVE CHANGED SINCE SOME PROGRAMS WERE ESTABLISHED AND SUGGESTED THAT THE TASK FORCE OBTAIN VIEWS FROM THE PRESIDENT'S EXPORT COUNCIL AND THE PRESIDENT'S INTERAGENCY COMMITTEE ON EXPORT EXPANSION. KISSINGER

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